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Discount Store News®

THE NEWSPAPER OF THE DISCOUNT DEPARTMENT STORE INDUSTRY

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Sales Outlook Conservative For 1st Half

Productivity Is Chain Watchword in Tight Economy

Nationwide DSN Report

The economic and sales outlooks for 1981 are bleak enough to make productivity the year's watchword.

Conservative first-half sales projections, coupled with an 8% hike in the minimum hourly wage and other skyrocketing operating costs, are "forcing us to find one more way to squeeze the cow this year," in the words of one discounter.

The pressure is on to make existing stores more profitable. Even giant K mart, committed to increasing units by approximately 10% again this year, posted sales gains in November and December that barely matched gains in number of stores. T.G. & Y., committed to a hearty 55-store expansion program in 1981, is reviewing the mockups of a new prototype that will meld higher-margin, more fashionable merchandise with upgraded fixturing.

For strong regionals like Target and Wal-Mart, which are shooting for a more national prominence, aggressive expansion plans are getting a green light from management—even though Target's sales gains for the first half of '81 are expected to come in under the current rate of inflation, according to Charles Miller, vice president for strategic planning.

For Wal-Mart, corporate forecasts target $2 billion-plus in sales for 1981—not including 110 Big K stores—and 60 new stores, Ken Folkerts, chain vice president and treasurer said.

For some smaller discounters like ALCO and Grand Central, the expansion program has been modified as management examines and pares operating cost excess a store at a time.

"We thought we'd open 13 stores this year," said R. R. Soelter, ALCO president. "Instead, we have seven units under construction. When the economy improves and interest rates come down we can expand further." For now the chain will continue the policy of closing early on Saturday nights that it began last year, "where volume shows us it is not profitable for those stores to remain open the extra hours," according to Soelter. If farm economics improve in 1981, he expects a good year, but he cautions a lot can happen between planting and harvesting.

(Continued on page 41)

"We anticipated the minimum wage hike and factored it into our cost structure."—Zodys' Suval

"We thought we'd open 13 stores this year, but for now we're planning on seven."—ALCO's Soelter

Wal-Mart's latest (large) store design, here at the chain's new Victoria, Tex., store, reinstated a traditional merchandising concept—main aisle feature tables—abandoned in earlier efforts. *(DSN photo)*

Latest Wal-Mart Prototype Melds Old, New Ideas

By Chris Haggerty

VICTORIA, Tex.—In its ongoing search for the ultimate prototype for its larger stores, Wal-Mart has shifted from some of the original design ideas incorporated in earlier experimental layouts.

Wal-Mart has re-embraced some tried and true merchandising trademarks while also refining some successful features of earlier designs—as found in its Pine Bluff, Ark., and Moore, Okla., stores opened last year.

The end result of this blending of old and new merchandising concepts is the chain's new Victoria store—a 94,700 square footer and the largest store in the Wal-Mart lineup.

In many aspects this new store takes up where the Pine Bluff and Moore store designs left off. These two earlier stores, both averaging around 60,000 sq. ft., introduced a more upscaled image than is normally found in the chain's older stores—one which targeted a younger, more sophisticated customer with a stronger fashion orientation. These stores were tailored to medium-sized urban and suburban markets. The changes emphasized wider aisles, fashion fixturing, and roomier displays. The most dramatic step was the elimination of the familiar feature tables which Wal-Mart usually places in the major traffic aisles.

"The [Victoria] store is a further test and evolution of our store design; merely another attempt to find the perfect solution for our larger stores," said Jack Shewmaker, Wal-Mart's president. "We aren't saying we've found the answer, but this design does come closer to what we want for the future."

First and foremost, the Victoria store signals the chain's continued interest in placing larger units in midsized communities with sizable future growth potential. This lets the chain take advantage of extensive opportunities available in these larger markets, Shewmaker said. (The majority of the chain's future stores are still planned for smaller locales, however, with populations ranging from 5,000 to 25,000.)

Victoria is the third fastest growing city in Texas, and its population is expanding by 12% annually. The city depends on the petrochemical and oil industries which are well-entrenched

(Continued on page 41)

The Touche Ross/DSN Discounter Management Development Series appears on p. 16.

Alexander's Dissidents Named Chairman, COO

DENVER—After a proxy battle was narrowly averted at Alexander's annual meeting here last month, a dissident group, headed by two of the founder's four sons, won greater influence in the discount chain run for years by their older brother.

To win their fight, however, the two younger brothers—Robin and Bruce Farkas, now chairman and chief operating officer, respectively—went outside the closely held company, to Interstate Properties for support. Interstate made headlines last year when it took control under similar circumstances of Vornado, parent company of Two Guys, with a 12% controlling interest.

Unseated in the struggle was Benjamin Bartel as chairman of the board. He remains general counsel and a board director. The most obvious result of the

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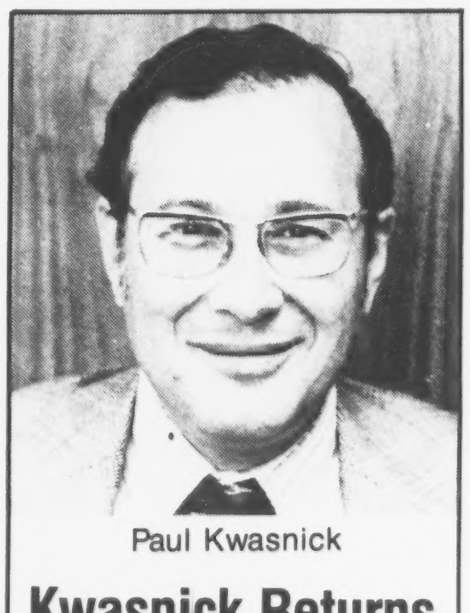

Paul Kwasnick

Kwasnick Returns As King's Prexy

NEWTON, Mass.—After a two-year hiatus, Paul Kwasnick—King's president from 1975 to 1978—is back running the New England chain.

Previously, Sol Kittay, chairman of Cornwall Equities (King's parent) was acting chain president.

The appointment is the first of many changes slated as King's absorbs Barkers which it bought, along with Franklin Stores, late last year from Cornwall.

Korvettes Ponders Reopening Up to 10 Stores Temporarily

By Arthur Markowitz

NEW YORK—Korvettes at presstime was pondering temporarily reopening up to 10 closed Metro New York Area stores, as an expedient move to generate rental income until the units are leased, it was confirmed to DSN by Joseph Ris, chairman.

The discounter closed the 17 operating stores in the New York area right after Christmas and at presstime sold the lease of its 165,000-sq.-ft. unit on Fulton Street in downtown Brooklyn for $1,510,000 to a real estate developer.

Last month Korvettes sold the lease of its 70,000-sq.-ft. store in midtown Manhattan for $3.5 million to a developer who plans to put up an office building on the site.

J. W. Mays earlier this month obtained the 130,000-sq.-ft. Korvettes in Scarsdale, N.Y.,

(Continued on page 42)

'79-'80 Recession Hit Discounters a Bit Less Than Conventionals

NEW YORK—The 1979-80 recession impacted discount stores slightly less than it did conventional department stores, although both types of retailers overall turned in weaker merchandising performances.

An analysis of two merchandising reports for the 1979-80 period showed that the economy caused discounters and conventionals to register declines in markups, gross margins and turns, and increases in markdowns and stock shortages in many categories.

The studies are the National Mass Retailing Institute's Operating Results of Self-Service Discount Department Stores 1979-80 and the National Retail Merchants Association 1980 MOR report for 1979.

(The NMRI's study, compiled and published by Cornell University, includes revised figures for cumulative markups. The revision, which corrected a clerical error, resulted from DSN questioning the original markup figures.)

The weak economy in the 1979-80 period resulted in both discounters and conventional department stores lowering markups and increasing markdowns to offer shoppers sharper prices as a sales inducement. At the same time, inventories were cut back, thereby reducing turns.

The end result of those actions was lower gross margins for many categories.

The most telling impact for discount stores occurred in the soft goods area where discounters have been making a major upgrading effort to capture more profitable sales.

Markups fell for men's wear (off 6.7%), ladies' (down 3.9%) and children's (off 4.8%), but higher turns—up 25% for ladies' and 24% for children's—and reduced stock shortages—down 25.9% for ladies' and 1% for children's—enabled discounters to boost the gross margins of the latter two key categories: 4% for ladies' and 7.9% for children's.

Markups were down for all the hard goods for discounters and, combined with higher markdowns and reduced turns

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Markups, Gross Margins, Turns Declined

	Markup[1]		Markdown[2]		Stock Shortage		Gross Margin		Turns		Sales as % of Total Volume[3]	
	Discount Stores	Dept. Stores	Discount Stores	Dept. Stores	Discount Stores	Dept. Stores	Discount Stores	Dept. Stores	Discount Stores	Dept. Stores	Discount Stores	Dept. Stores
Auto Accessories	30.3%	N.A.	7.2%	N.A.	1.9%	N.A.	26.3%	N.A.	1.3%	N.A.	4.6%	N.A.
Major Appliances	17.5	26.4%	5.2	5.3%	3.0	1.0%	15.0	23.2%	0.4	4.2%	1.4	1.1%
Home Electronics[a]	24.6	27.5	7.5	5.9	3.0	2.1	18.5	22.7	2.6	2.9	2.2	2.3
Small Appliances	24.1	27.7	8.1	6.2	2.4	1.7	17.4	25.0	32.2	3.0	2.7	0.9
Housewares	35.4	44.7	8.3	7.7	0.7	1.4	31.6	41.9	2.6	2.1	6.2	1.4
Hardware	35.0	38.9	7.6	10.3	2.2	N.A.	29.1	33.5	1.3	2.1	5.0	0.3
Hobby, Recreational & Transportation[b]	29.0	42.1	6.5	14.7	2.6	4.8	23.3	33.3	0.9	2.0	10.0	0.5
Toys	34.1	40.2	7.4	9.8	2.0	2.5	28.7	33.7	2.4	2.7	5.4	0.4
H&BA	25.7	39.1	5.9	1.1	1.8	1.6	22.2	38.4	3.8	3.3	7.8	4.2
Women's Apparel & Accessories[c]	41.7	50.7	12.4	17.3	2.7	3.5	36.6	45.2	1.5	4.5	13.4	36.7
Men's Apparel & Accessories	38.9	49.8	8.9	12.2	1.6	2.6	34.5	43.1	5.4	3.1	8.7	8.9
Children's Wear	37.6	49.1	8.8	10.6	1.4	2.1	34.2	45.9	3.1	3.8	7.3	4.7
Household Textiles[d]	38.2	47.1	8.9	7.4	1.3	1.1	31.9	44.3	2.8	2.3	7.0	5.1
Furniture, Home Furnishings & Accessories	38.0	48.1	9.7	9.2	2.0	1.1	32.4	44.6	15.5	2.1	2.3	8.2
Stationery supplies & Accessories	35.7	46.9	8.1	5.9	2.3	2.3	35.2	43.0	5.8	3.2	2.8	0.8
Home Improvements	36.2	N.A.	11.1	N.A.	2.6	N.A.	31.4	N.A.	11.6	N.A.	1.9	N.A.

Discount store figures are combined dollar averages; (Conventional) Department store figures are medians. N.A.—Not available.

[1] Cumulative figures, including transportation costs. [2] Figures include employee discounts. [3] Discount store figures are percentages of total sales for chains with sales in the specific departments; department store figures are percentages of total consolidated store volume.

[a] Discount store figures exclude records; department store figures include records. [b] Discount store figures include books, records, photo, luggage, art supplies and sporting goods; department store figures are just for sporting goods. Department store median figures for books, art supplies and photo are: markup, 33.9%; markdown, 3.7%; stock shortage, 2.1%; gross margin, 31.2%; turns, 2.5, and sales percentage, 0.6%. [c] Discount store figures include intimate apparel and accessories, which aren't included in department store statistics. Latter's median figures for this category are: markup, 50.8%; markdown, 6.7%; stock shortage, 2.7%; gross margin, 49%; turns, 3.3, and sales percentage, 8.8%. [d] Discount store figures don't include the bath shop, which is part of department store statistics.

Source: Discount stores: NMRI's Operating Results of Self-Service Discount Department Stores, 1979-80; Department stores: NRMA's 1980 MOR report of 1979 Merchandising and Operating Results.

Filer Rosenberg deGraffenreid

4 at DSN Are Promoted

NEW YORK—Jim deGraffenreid, Fred Filer, Iris Rosenberg and Jim Heath of *Discount Store News* have been promoted.

deGraffenreid, national sales manager since 1978, has been named manager, midwest division, of DSN's parent company, Lebhar-Friedman. Prior to being promoted to national sales manager of DSN, he had been northeast region sales representative for DSN and *National Home Center News*, also a Lebhar-Friedman publication.

Fred Filer, DSN's eastern sales manager and formerly sales representative, replaces deGraffenreid as national sales manager.

Rosenberg, who joined DSN in February 1980 as a senior editor, was promoted to managing editor. Before joining DSN, Rosenberg was an associate editor with NHCN.

Heath, DSN West Coast sales representative, was named western sales manager.

2 Chains Use Opposite Methods to Up Book Biz

Two major discounters are using opposing techniques to achieve the same goal—improving book sales at a time when many other chains are experiencing little growth at all.

The issue separating Oklahoma-based T.G. & Y. and West Virginia-based Heck's hinges on how heavily a chain should rely on a distributor and on how much ordering and selection it should do itself.

Heck's improved sales by 35% in 1980 and by 60% the year before by taking its book business away from a variety of distributors (and also by giving up a limited amount of direct ordering from publishers) and placing the responsibility for book selection in the hands of a single Chicago-based national distributor in early 1979.

The distributor was able to achieve the sales increase through a computer system devised to individually tailor the mix for each of Heck's 75 stores.

The distributor, Heck's buyer Larry Lacy explained, includes a computerized counter card with each title delivered to a store. This is mailed back to Chicago to reorder. He said the distributor automatically adjusts the mix of mysteries, romance novels and other categories to each store's selling pattern.

Results achieved by the distributor were the most dramatic in one West Virginia store located near a hospital. Lacy said sales went up from $4,500 per year to $40,000 per year when the mix was tailored to the particular market.

"It has made us much more responsive to the customers. We don't discount books and we still don't seem to be feeling the resistance to increasing prices that other chains have," he explained.

Conversely, for 480-plus-unit T.G. & Y., a 20% sales rise in 1980 was obtained by relying on a larger number of local, regional and national distributors and by chain executives taking an increasing role in the selection of books.

"We feel our distributors are 80% accurate in what they are putting in the stores in most cases," explained T.G. & Y.

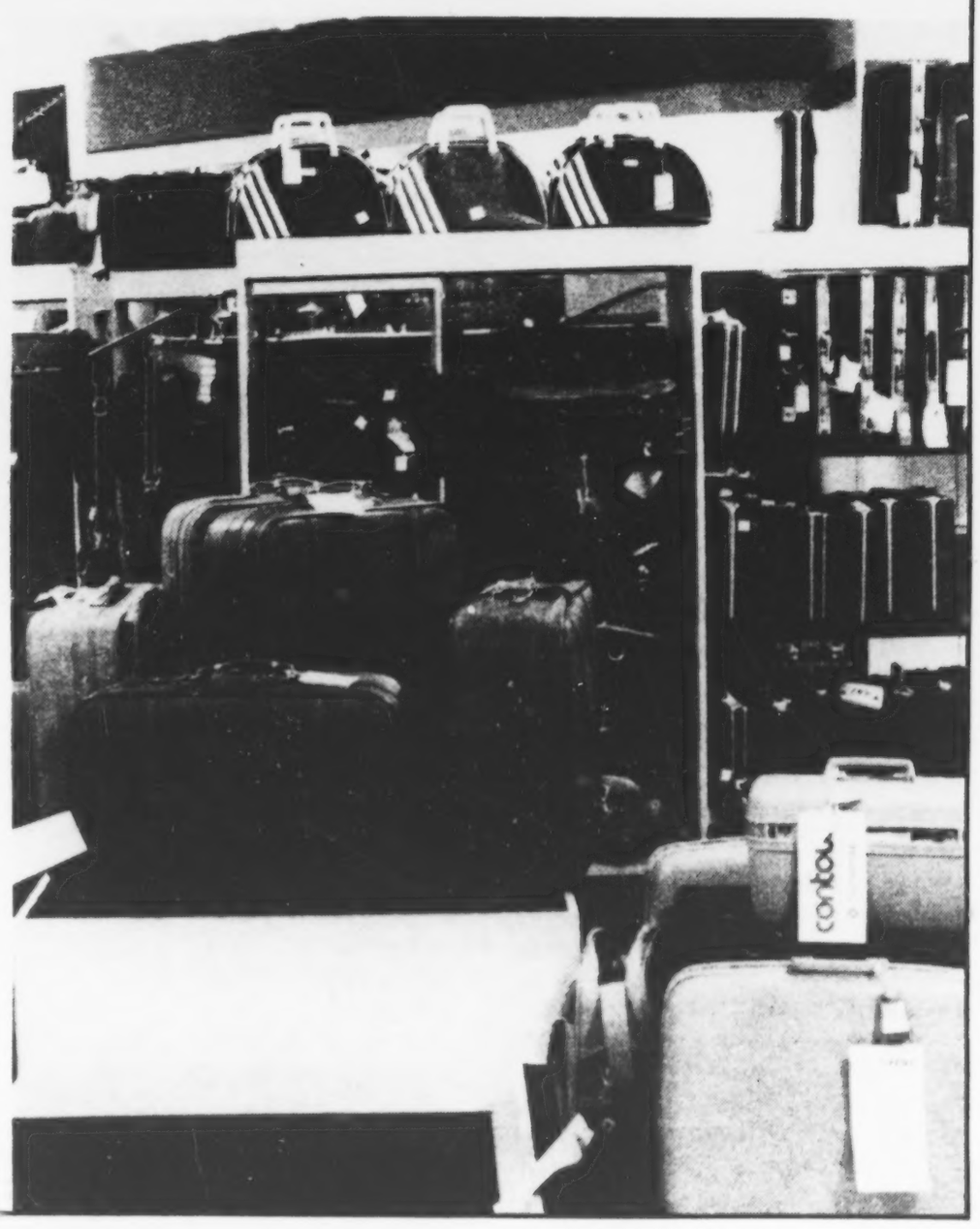
(Continued on page 36)

Spotlight on: Luggage

Jefferson/Ward Carries Out Fashion Look

Jefferson/Ward has refixtured luggage to develop a fashion presentation while still maintaining self-service merchandising. The effort, as seen in the Bordentown, N.J., store, includes the use of flats at the front of the section and box fixtures with carpeted shelves and waterfall arms attached to the sides inside the carpeted department. Self-service is carried through by the mass display of luggage on the flats and on the open shelves of the box units, and by the hanging goods on the waterfall arms. The fashion presentation results from the open arrangement of the flats and fixtures and from the use of the same color finish for the displayers. Customers can easily see the luggage and quickly select the pieces they want.

(DSN photo)



In This Issue...

SEATING PLAN. Patio furniture is an up-and-coming lawn and garden category, and will get more buyer bucks. P. 26.

DIET SALES FATTEN. Diet and ethnic items were hot in the 1980 H&BA PMA. P. 27.

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Fred Meyer Sells Profit-Draining Savings and Loan Subsidiary

PORTLAND, Ore.—Fred Meyer has sold its savings and loan subsidiary after it cut the former's profits sharply for the first nine months and third quarter last year.

Fred Meyer's retail operations had strong sales and earnings gains for both periods.

Fred Meyer Savings and Loan was sold for about $24 million to D. K. Ludwig, a New York investor and shipping executive.

Fred Meyer's loss from the 39 saving and loan offices amounted to $3,935,000 for the nine months ended Oct. 4, with $1,347,000 coming in the third quarter.

The discounter had obtained a 97% interest in the financial operation as part of its plan to offer a range of customer services in its company-owned shopping centers.

Fred Meyer chairman Oran G. Robertson said the sale enables the company to concentrate on its primary business of retailing.

The firm's board of directors increased the cash dividend by 18% to the quarterly rate of 16½¢ a share, with the higher amount payable Jan. 12 to shareholders of record Dec. 23, 1980.

Company sales for the third quarter went up 14% to $275,471,000 from $241,697,000. Income before equity in the loss of an unconsolidated subsidiary went up 16.6% to $5,871,000 from $5,037,000.

The $1,347,000 loss in the subsidiary Fred Meyer Savings and Loan as against a $168,000 gain in the quarter in 1979 reduced the discounter's net income by 13.1% to $4,524,000 from $5,205,000.

In the 40-week period, sales of $873,898,000 were up 13.4% from $770,498,000, while earnings before the equity interest went up 17.4% to $12,602,000 from $10,731,000.

The $3,935,000 loss in the subsidiary compared with a $1,148,000 gain in the period in 1979 cut net income by 27% to $8,667,000 from $11,879,000.

Appliance Energy Efficiency Rules Delayed, May Die

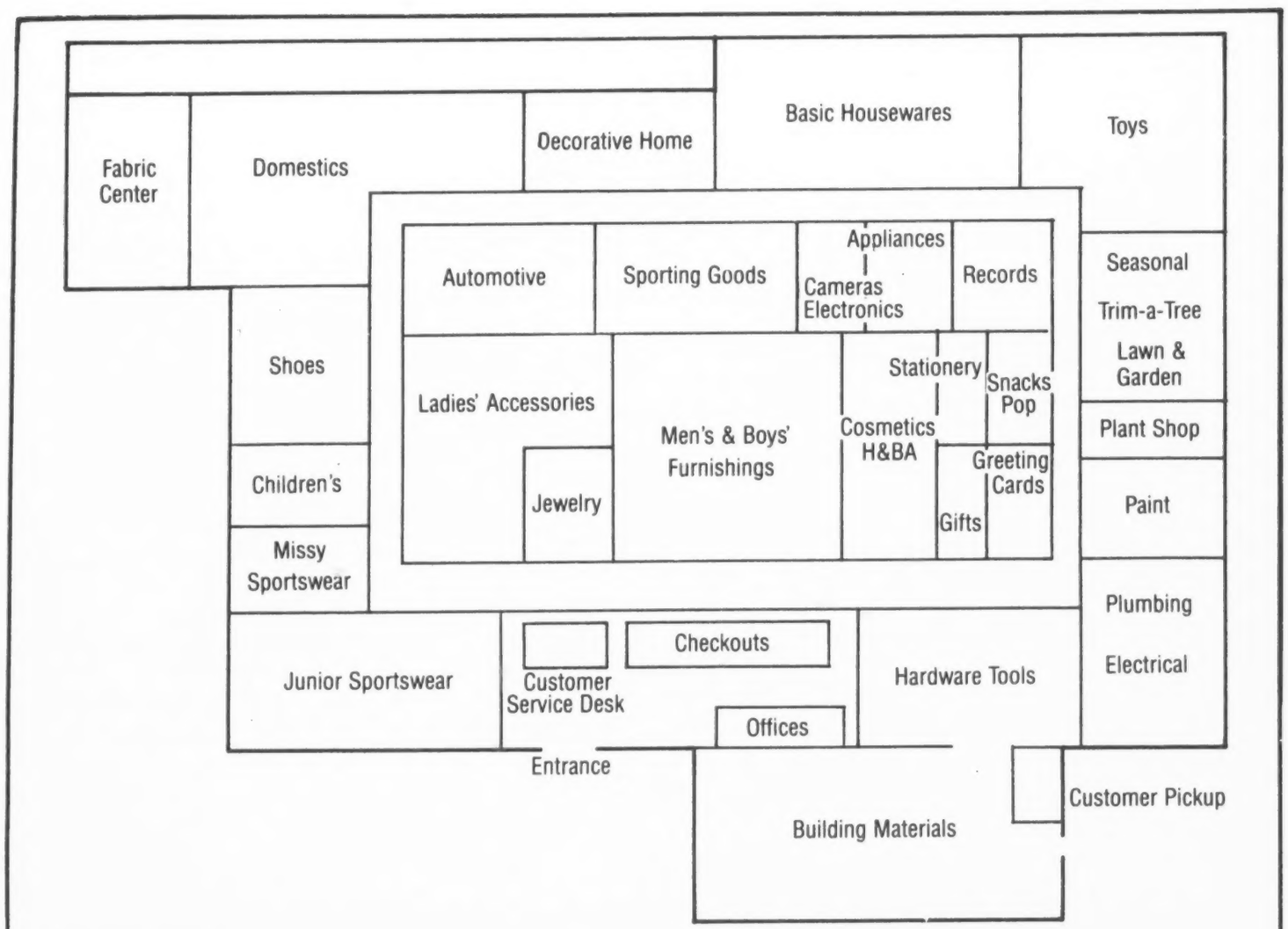
WASHINGTON—Final appliance energy efficiency standards have been delayed by the Energy Department.

The delay is likely to mean that the standards will die under the Reagan Administration. During the campaign, Reagan announced that he would seek a moratorium on new regulations and also outlined plans to dismantle the Energy Department itself.

The standards, which would have required manufacturers to meet certain energy efficiency requirements for appliances, were strongly opposed by the industry. Officials of appliance manufacturers were against the standards because of the added expense, the difficulty of retooling, and the limited choice of items that would be available to consumers.

In thousands of pages of comments submitted to the Department of Energy, the industry also criticized the regulations, claiming the following:

- Unnecessary, costly new testing would be required.
- Reporting requirements which demand far more detail would be required to substantiate compliance.
- Industry certification programs which are now in place and usable for the new regulation purposes would not be used.
- A possible negative impact on competition and employment would occur.
- Appliance efficiency improvements that have already been achieved without the standards would not be recognized.
- Minimum energy efficiency standards for appliances that do not justify such standards such as clothes dryers, ranges and ovens, and electric space heaters would still be issued.
- Ineffective measures would preclude states from developing individual energy regulations. (Manufacturers favor uniform national efficiency standards to discourage states from setting conflicting regional standards, but the industry believes the new regulations don't give such protection.)
- The regulations would give imported products advantages over United States products, and exported products would be at a disadvantage with foreign competitors.

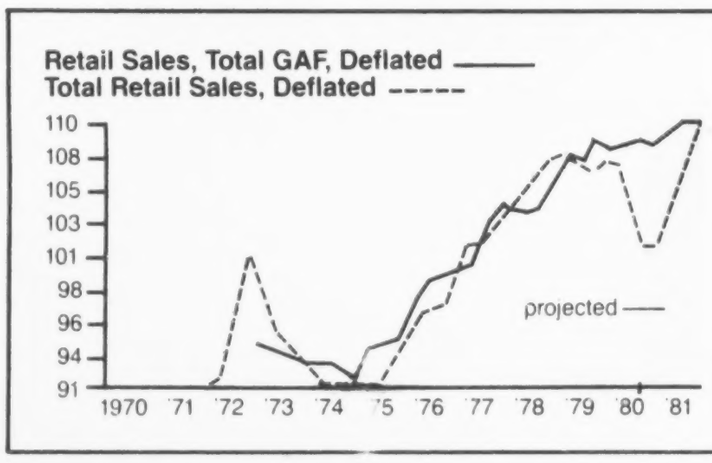


Clarkins Hops on Race Track Bandwagon

Clarkins joined a growing list of discounters adopting a race track layout with its recent opening in Ashland, Ohio. The new configuration—complemented by higher-profile, more upscale fixturing—allows the nine-unit chain to stock this 56,000-sq.-ft. prototype with the same assortment of goods found in its approximately 100,000-sq.-ft. stores. (Front-of-store location for building materials is unique to this unit.)

L/F Econocycle

GAF sales to snap back in '81



General Merchandise/Apparel/Furniture Stores (GAF)

Sales Change By Quarter

	'80 1Q %	'80 2Q %	'80 3Q %	'80** 4Q %	'81** 1Q %	'81** 2Q %	'81** 3Q %	'81** 4Q %	12-Month % Change 1979 %	1980 %	1981 %
Sales include Inflation	8.2	4.5	3.9	2.9	3.7	7.7	6.4	7.4	10	4.0	6
Real sales (Deflated)*	1.9	−1.7	−3.1	−3.3	−1.7	−2.1	−1.2	1.6	4	−1.5	2

*Base = Sept. 1980 Sales
**Projected

The GAF retail group (which includes discount stores) has been outperforming the total retail sector since early 1979—since early last year, in fact, the gap between retail and GAF performance has been significant.

Apparel continues to be the strongest element in this category and the figures show that the general merchandise store group has been underperforming since 1978. Hard lines retailers (furniture & appliances) have also been falling sharply since '79.

The L/F econocycle projection is for continued growth of GAF—although on a slower track. The bottom has been hit and passed. Through 1981, from a low level of activity in this large indicator sector, a fairly strong recovery is projected. The index projects continued growth for apparel, sluggish recovery for furniture/appliance outlets and categories during late '81—and a plateau for general merchandise units. (Next month, the Lebhar-Friedman Composite Index, charts facing, will include a new indicator for discount store activities.)

Retailing generally is expected to step up from a low level of activity to a relatively strong recovery (with sales increases marching steadily upward through the 3rd and 4th quarters).

Sales/Include Inflation

		Total Retail Stores	Food Stores	Eating & Drinking	Building Materials Hardware Stores	Furniture & Appliance Stores	Apparel Stores	General Merchandise Stores	GAF Stores
1980	1Q	9.0	10.5	8.6	7.6	9.3	8.8	5.8	8.2
	2Q	4.3	10.0	7.9	8.9	1.4	4.8	6.5	4.5
	3Q	5.5	11.7	7.8	12.4	0.1	4.6	6.1	3.9
	4Q	4.3	9.5	2.5	12.4	0.9	2.1	7.1	2.9
1981	1Q	4.8	9.3	2.1	6.3	0.2	4.1	6.2	3.7
	2Q	10.6	9.6	5.8	8.7	7.1	7.7	8.2	7.7
	3Q	8.2	8.0	8.0	4.9	5.8	6.0	7.6	6.4
	4Q	10.3	9.0	9.6	2.2	9.7	6.2	8.4	7.4
% chance 12 mos.	1979	11.0	11.0	9.0	14.0	14.0	9.0	10.0	10.0
	1980*	6.0	10.0	6.5	7.0	3.0	5.0	6.0	4.0
	1981*	8.0	9.0	6.0	2.0	6.0	6.0	7.5	6.0

Real Sales (Deflated)*

1980	1Q	−1.5	−0.7	−1.4	−1.3	3.6	1.0	1.6	1.9
	2Q	−5.6	2.6	−1.3	−17.4	−4.2	1.9	−2.2	−1.7
	3Q	−4.5	4.3	−1.6	−21.0	−6.8	0.6	−3.1	−3.1
	4Q**	−4.3	2.9	5.0	−20.6	−5.2	2.0	−4.6	−3.3
1981	1Q**	−2.6	2.6	−5.0	−14.3	−5.1	2.0	−1.9	−1.7
	2Q**	3.8	1.0	−2.3	0.3	1.2	3.6	1.8	2.1
	3Q**	2.9	0.4	−0.1	−3.4	0.3	3.7	0.6	1.2
	4Q**	4.9	1.6	0.8	−5.8	3.7	4.2	−0.1	1.6
% chance 12 mos.	1979	1.0	3.0	−1.0	6.0	8.0	6.0	3.0	4.0
	1980**	−4.0	2.0	−2.0	−15.0	−3.0	1.0	−2.0	−1.5
	1981**	2.2	1.5	−1.5	−6.0	—	3.0	—	2.0

*Base = Sept. 1980 Sales
**Projected

About Econocycle

The basis for the L/F Econocycle index (charts above, figures facing) is the Applied Economic Research Unit, located in The Hague, Holland. This unit does consulting and research programs for Government and major corporations on three continents today. Its forecasting methods are based on the Econocycle System, a computerized technique designed by the Econostat team of economists.

Because of the changing pace of inflation in the United States, retail sales figures in the L/F Econocycle projections have been adjusted to take account of inflation. All statistics are shown in *real* terms. The graph (above) represents the trend cycle (after a deflator has been applied for inflation). All data has been seasonally adjusted and smoothed—and is updated each month. The source for current sales and the deflator series is the U.S. Dept. of Commerce.

Where an *Index Base* is indicated, all data is converted to index numbers, starting from a common base (= 100) in order to establish meaningful performance comparisons.

Each month, the L/F Econocycle projects trends based on previous sales cycles. Since outside events (interest rate, money supply, credit) can modify the cyclical path and momentum of sales-trends at any point in time, the L/F Econocycle constantly monitors and updates new data and processes these up-to-date trend-charts each month.

HEALTH & BEAUTY AIDS

These H&BA figures for the year 1980 were supplied by Boston Distributors, a division of Cook United, Maple Heights, Ohio. The firm covers 320 stores, including 290 discount stores, in 18 states. Average retail prices listed by the distributor reflect typical price points for discount clients.

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
	LOTIONS, CREAMS, AND MOISTURIZERS			
1	Oil of Olay 4 oz.	45,702	3.99	182,351
2	Noxzema Cream 10 oz.	58,830	2.19	128,838
3	Oil of Olay 6 oz.	19,842	5.59	110,917
4	Vaseline Intensive Care Lotion 10 oz.	48,852	1.79	87,445
5	Porcelana Cream 4 oz.	8,148	6.49	52,881
6	Vaseline Intensive Care Lotion 15 oz.	20,052	2.59	51,935
7	Vaseline Intensive Care Lotion 24 oz.	13,704	3.69	50,568
8	Night of Olay Cream 2 oz.	9,966	4.39	43,751
9	Noxzema Cream Jar 6 oz.	24,930	1.69	42,132
10	Wet Ones Disposable Towels 70's	29,352	1.43	41,973
11	Keri Lotion 6.5 oz.	14,988	2.69	40,318
12	Noxzema Skin Cream Special 14 oz.	15,804	2.49	39,352
13	Vaseline Intensive Care Ltn. X-Str. 10 oz.	20,628	1.79	36,924
	CREME RINSES & CONDITIONERS			
1	Silkience Conditioner Extra Body 15 oz.	30,330	2.49	75,522
2	Flex Balsam Conditioner w/Body 16 oz.	32,328	1.99	64,333
3	Silkience Conditioner Regular 15 oz.	23,562	2.49	58,669
4	Flex Balsam Conditioner Regular 16 oz.	28,710	1.99	57,133
5	Vidal Sassoon Finishing Rinse 8 oz. G60	23,088	2.29	52,872
6	Silkience Conditioner Extra Body 7 oz.	23,778	1.73	41,136
7	VO-5 Hot Oil Treatment 4 Pack HOT-4	10,824	3.49	37,776
8	Wella Balsam Conditioner w/Body 16 oz.	19,920	1.88	37,450
9	Vidal Sassoon Remoisturizing Crm 4 oz. G95	12,276	2.99	36,705
10	Agree Creme Rinse w/Body 12 oz.	18,336	1.99	36,489
11	Tame Condition Clean Rinse Ex Body 16 oz.	15,582	2.27	35,371
12	Silkience Conditioner Regular 7 oz.	19,356	1.73	33,486
13	Agree Creme Rinse Regular 12 oz.	16,800	1.99	33,432

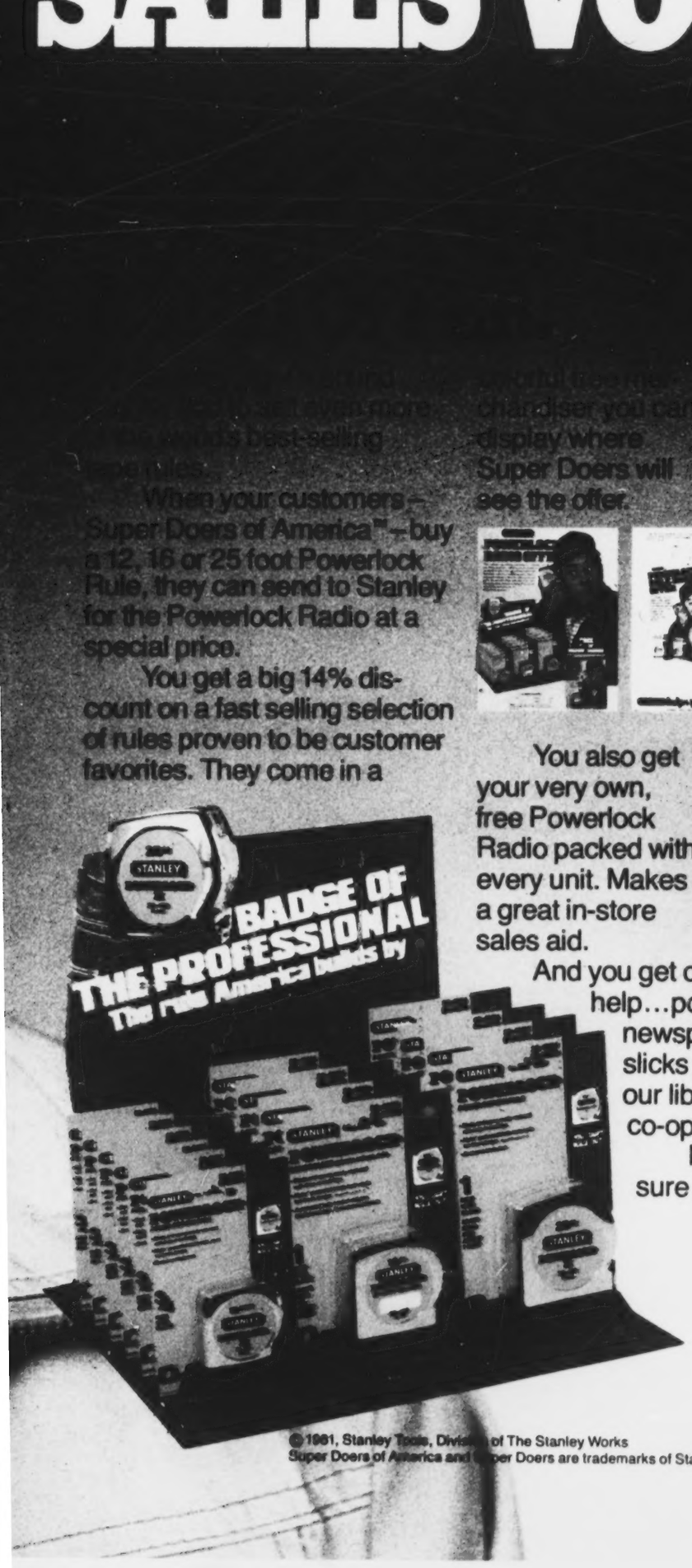
$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
	SHAMPOO			
1	Head & Shoulders Shampoo Lotion 11 oz.	54,654	2.79	152,485
2	Head & Shoulders Lotion 15 oz.	38,628	3.59	138,675
3	Flex Shampoo Normal 16 oz.	41,892	1.99	83,365
4	Vidal Sassoon Shampoo 8 oz. G30	35,664	2.29	81,671
5	Prell Shampoo Liquid 16 oz.	29,988	2.69	80,668
6	Head & Shoulders Tube 7 oz.	26,316	2.79	73,422
7	Agree Shampoo Regular 12 oz.	27,360	2.36	64,570
8	Body on Tap Shampoo Normal 11 oz.	27,042	2.37	64,090
9	Faberge Organic Shampoo 15 oz.	34,032	1.84	62,619
10	Prell Shampoo Tube Concentrate 7 oz.	22,032	2.84	62,571
11	Flex Shampoo Oily 16 oz.	28,134	1.99	55,987
12	Agree Shampoo Oily 12 oz.	23,340	2.36	55,082
13	Agree Shampoo Balsam Protein 12 oz.	22,464	2.36	53,015
	ETHNIC PRODUCTS			
1	Dark N Luvly Relaxer Kit	24,569	5.95	146,186
2	T C B Hair Dress 8 oz.	15,793	4.09	64,593
3	Pro Line Curly Kit 00055	6,865	7.50	51,488
4	Sta-Sof-Fro Spray X-Dry 8 oz.	17,074	2.75	46,954
5	Revlon Relaxer Kit Mild	6,056	7.42	44,936
6	Sta-Sof-Fro Spray Regular 8 oz.	15,611	2.75	42,930
7	Ultra Sheen Condition 8 oz.	9,995	3.95	39,480
8	Revlon Relaxer Kit Super	4,849	7.42	35,980
9	Sta-Sof-Fro 16 oz.	8,283	4.25	35,203
10	Revlon Relaxer Kit Regular	6,827	7.42	33,375
11	Sta-Sof-Fro Style Kit 16 oz.	4,792	5.95	28,512

(Continued on page 30)

RADIO PROGRAM SALES VOLUME.

When your customers – Super Doers of America™ – buy a 12, 16 or 25 foot Powerlock Rule, they can send to Stanley for the Powerlock Radio at a special price.

You get a big 14% discount on a fast selling selection of rules proven to be customer favorites. They come in a



You also get your very own, free Powerlock Radio packed with every unit. Makes a great in-store sales aid.

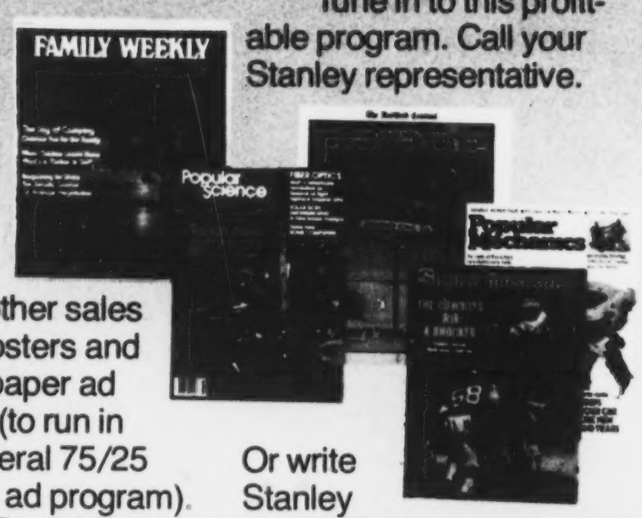
And you get other sales help…posters and newspaper ad slicks (to run in our liberal 75/25 co-op ad program).

For a full measure of impact,

chandiser you can display where Super Doers will see the offer.

million 4-color ad impressions in Parade, Family Weekly and d-i-y books Super Doers read. They'll be told to come to you to buy the rule America builds by. They'll learn all about the "look-alike" radio offer.

Tune in to this profitable program. Call your Stanley representative.



Or write Stanley Tools, Division of The Stanley Works, P.O. Box 3000, New Britain, CT 06050.

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Discount Store News

PMA®

PRODUCT MOVEMENT AUDIT

Diet and Ethnic Areas Led '80 H&BA Gainers

By M. Raymond Prendergast
President, Boston Distributors

The year 1980 saw significant growth in several key health & beauty aid categories. Percentage gains were led by the diet department, with an 82% gain over 1979 sales. Thompson Medical captured the top seven spots and placed 11 sku's in the top 20. Menley & James placed all four sku's of its Dietac brand in the top 20. Allegheny Pharmaceutical placed two sizes of Permathane in the top 20 as did Cumberland with its Sweet & Low brand. Continuing consumer demand, increased advertising expenditures, and intense competitive pressures will afford diet products additional growth in 1981.

Percentage and dollar increases in the ethnic category equaled those of the diet section for us in the past year. Carson Chemical's Dark & Luvly Kit ran away with the leadership of the PMA by showing an excellent response to promotional support. Other kits that scored well were Revlon, Proline, and Ultra Sheen. The conditioner segment was led by T.C.B. which has ended Johnson Products' domination of the market. Sta-Sof held unquestioned control over the spray categories. Retailer support of the ethnic category in footage and ad space devoted to it will yield significant sales increases if retailers merchandise the section with more expertise. The substantial gross margin afforded by this section indicates that its growth has just begun.

Increases in the eye care category (46%) are also expected to carry through in 1981. The increased popularity of soft lenses has led to the emergence of a plethora of new products which have scored well on our PMA. Although Barnes' Hinds Wetting Solution has retained its No. 1 position, Bausch & Lomb's soft lens products enjoyed much of the year's growth. Visine continued to lead the eye care preparation segment.

The vitamin category, stimulated by a strong showing of the Rexall brand and continued increases from Stresstabs, grew by 16% in 1980. Theragran M held on to the No. 1 spot on the PMA followed closely by Rexall's Vitamin C 500mg. Vitamin E from Rexall placed third while One-A-Day and Geritol rounded out the top five. Children's vitamins, led by Flintstones with Iron, took five places in the top 20.

Cold products had a surprising 27% sales increase with Nyquil retaining the No. 1 position. Contac scored in the No. 3

(Continued on page 30)

HEALTH & BEAUTY AIDS

(Continued from page 27)

VITAMINS

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	Theragran M Tablets *30 Free* 130's	6,996	7.99	55,898
2	Rexall Vitamin C 500MG V3024 100's	15,501	3.49	54,098
3	Rexall Vitamin E 400IU V3043 100's	11,982	4.28	51,283
4	One-A-Day With Iron 100's	9,408	4.19	39,420
5	Geritol Tablets 100's	5,874	6.49	38,122
6	Stresstabs 60's	6,753	5.29	35,723
7	Stresstabs w/iron 60's	5,748	5.79	33,281
8	Rexall Extra Strength Super Plenamin V-963 130's	3,484	9.55	33,272
9	Geritol Tablets 40's	8,904	3.39	30,185
10	Flintstones With Iron 100's	7,572	3.98	30,137
11	Rexall Super Plenamins 100 + 30 Free V943	3,062	7.27	22,261
12	One-A-Day With Iron 240's	2,520	8.29	20,891
13	Flintstones with Iron 60's	6,834	2.89	19,750
14	Poly Vi Sol Drops 50 CC	4,655	4.19	19,504
15	Poly Vi Sol Tabs Chewable 100's	3,690	4.99	18,413
16	Rexall One Tab Daily Plus Iron 100's	8,958	1.98	17,737

COLD PRODUCTS

1	Nyquil Nightime Medicine 10 oz.	28,440	3.69	104,944
2	Dristan Tablets 50's	21,396	3.59	76,812
3	Contac Capsules 20's	24,504	2.99	73,267
4	Contac Capsules 10's	44,952	1.59	71,474
5	Nyquil Nightime Medicine 6 oz.	27,594	2.49	68,709
6	Afrin Spray 15CC	29,232	1.85	54,079
7	Primatine Mist Refill 15CC	11,556	4.43	51,193
8	Comtrex Cold Tablets 50's	13,512	3.69	49,859
9	Dristan Tablets 100's	8,316	5.99	49,813
10	Halls Mentholyptus Bags 30's	64,320	0.77	49,526
11	Dristan Tablets 24's	22,638	1.96	44,370
12	Vicks Formula 44 D Cough Syrup 6 oz.	13,116	3.29	43,152
13	Vicks Formula 44 Cough Syrup 6 oz.	12,972	2.99	38,786
14	Halls Honey Lemon Bags 30's	44,688	0.77	34,410
15	Halls Cherry Bags 30's	42,960	0.77	33,079
16	Robitussin D M 4 oz.	17,382	1.89	32,852

ANALGESICS

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	Bufferin Tablets 100's	94,410	2.79	263,404
2	Anacin Tablets 100's	80,316	2.65	212,837
3	Excedrin Tablets 100's	47,028	2.97	139,673
4	Bayer Aspirin Tablets 100's	68,052	1.99	135,423
5	Tylenol Capsules Extra Strength 50's	38,586	2.99	115,372
6	Tylenol Tablets 100's	36,696	2.99	109,721
7	Tylenol Extra Strength Capsules 100's	19,764	4.98	98,425
8	Anacin Tablets 200's	19,932	4.69	93,481
9	Tylenol Tablets Extra Strength 60's	28,464	2.99	85,107
10	Bayer Aspirin Tablets 300's	16,428	4.77	78,362
11	Bufferin Tablets 225's	12,906	5.77	74,468
12	Tylenol Extra Strength Tablets 100's	18,108	3.99	72,251
13	Anacin Tablets 300's	9,042	6.15	55,608
14	Excedrin Tablets 225's	9,126	6.09	55,577
15	Arthritis Strength Bufferin 100's	14,658	3.35	49,104
16	Arthritis Pain Formula 100's	15,618	2.98	46,542

DIET PRODUCTS

1	Dexatrim Capsules 28's	37,704	4.25	160,242
2	Dexatrim Ex Strength Caps 20's	38,652	3.98	153,835
3	Prolamine Tablets 20's	32,352	3.49	112,908
4	Dexatrim Ex Str Capsules 40's	9,930	6.98	69,311
5	Appedrine Tablets 30's	23,076	2.98	68,766
6	Control Capsules 56's	9,498	6.98	66,296
7	Dexatrim Capsules 56's	9,294	6.98	64,872
8	Dietac Capsules 28's	12,534	4.95	62,043
9	Permathene 12 Capsules 24's	13,788	4.19	57,772
10	Dietac Capsules 14's	17,412	2.95	51,365
11	Sweet N Low Packettes 100's	33,840	1.44	48,730
12	Sweet N Low Packettes 500's	8,250	5.20	42,900
13	Dietac Pre Meal Tablets 42's	11,358	3.29	37,368
14	Prolamine Tablets 50's	5,706	5.98	34,122
15	Control Capsules 28's	8,340	3.98	33,193
16	Control Capsules 14's	11,436	2.49	28,476

Letting more air out of an old myth.

The world's flat. Stepping under a ladder is risky business. The color green is a no-no for race cars. Blondes have more fun. Spark plugs *must* be replaced by the original equipment brand.

Nonsense. Poppycock. And humbug.

Over 17 million GM owners have discovered their cars run just as smooth and start just as sure with Champions as with the original equipment spark plugs.

Datsun and Toyota owners have made the switch without a twitch. So here are the unvarnished facts: Millions of people out there know firsthand that Champions work as well in their cars as the O.E. brands. Champion, for example, is currently the No. 1 plug in Ford cars. In addition, Champion is out there in the marketplace encouraging even more millions to replace their present plugs with a fresh set of Champions. That's why Champion remains the world's No. 1 seller. And that's no hot air.

CHAMPION®

Your partner, not your competitor.

Champion Spark Plug Company • Toledo, OH 43661

Discount Store News

PMA®

PRODUCT MOVEMENT AUDIT

Diet, Ethnic Hot

(Continued from page 27)

and No. 4 spots preceded by Dristan 50's in dollar movement. Afrin again led the spray segment, ranking No. 6 overall. Vicks 44 D Cough Syrup led the syrups by outselling the regular syrup in both units and dollars.

Bufferin again led the analgesic PMA with its 100's size. The No. 2 spot was held by Anacin followed by Excedrin and Bayer. Tylenol took top brand honors by placing seven sku's in the top 20. Analgesic sales were up 16% in 1980.

The tremendous growth in the creme rinse and conditioner market last year leveled off as we finished the year with an 8% increase over 1979. Silkience climbed to the No. 1 ranking with all four sku's of this hot brand placing in the top 20. Flex, scoring in the No. 2, No. 4, and No. 16 spots showed a significant increase over 1979 despite losing its No. 1 position. A new marketing program for Flex in 1981 may bring additional growth. Another winner in the category was Sassoon with the Finishing Rinse ranking No. 5 and the Remoisturizer placing No. 9.

Shampoos, again led by Head & Shoulders, picked up 16% over 1979 numbers. Flex, Sassoon, and Prell all scored well as each placed multiple sku's in the top 20. Pert, Procter & Gamble's new entry, has done exceptionally well, placing on the annual PMA with only five months of sales.

The lotions, creams, and moisturizers department, experiencing a 14% sales increase, was led again by Oil of Olay 4 oz., while Noxzema 10 oz. took the No. 2 spot followed by Olay's 6 oz. size. Vaseline Intensive Care Lotion dominated the lotion segment by placing five sku's in the top 20. Noticeably absent from this PMA is Procter & Gamble's Wondra, which has not lived up to expectations. Jergens, on the other hand, placed two sku's on the PMA. Fade creams continued to increase dramatically as Porcelana rose from No. 7 to No. 4.

Trial sizes, now a basic department with most chains, continued to thrive—showing a 62% increase. Colgate was our leading trial size in 1980 with Aqua Fresh close behind. Bic Shaver in a 2-pack placed in the third spot. Fragrances are becoming more plentiful in trial sizes on a year-round basis and are doing quite well. Babe, in a 1.25 oz. size, reached the No. 4 spot and English Leather ranked 20th. The impulse nature of this category results in sales that represent plus business. Excellent consumer acceptance of trial sizes and high gross margins make them an important element of any basic H&BA department.

Hills Slates New Unit

HENDERSONVILLE, Tenn.—Hills will open its 84th unit here in the fall of this year. The unit will bring to five the number of its stores in the Greater Nashville area.

NMRI Slates Ad Conference

NEW YORK—The National Mass Retailing Institute will sponsor the 10th Annual Advertising Conference March 11-13 at the Fairmont Hotel in Denver.

The seminar will feature seven sessions. Topics will include the use and future of TV advertising; marketing, and co-op advertising.

Seminar speakers will include advertising executives from Wal-Mart, Washington Distributors, Zayre, Hills, Cook United and Miracle Mart.

Morris Saffer, president of Saffer, Cravit and Freedman Advertising, will discuss "Effective Use of Your Advertising Dollar." Jack Myers, director of marketing for CBS Television Stations, a division of CBS Inc., will speak on "A Formula for Insuring Mass Retail Success with Television."

Consumers will help assess discounters' marketing strategy when 10 shoppers discuss "Marketing the Store to Your Customer."

Four concurrent roundtable workshops will closely examine co-op advertising, with results from each to be discussed in a recap meeting to follow.

Complementing the seminars will be open exhibits, an opening night banquet featuring comedian Ralph Achilles, and a gala reception sponsored by Media Graphics and Advo System.

Gerald W. Jacobskind, NMRI's educational services director 212-354-6600 has more information.

The 11th advertising conference is scheduled March 10-12 in Miami Beach, 1982.

Recession Impact

(Continued from page 2)

for many categories, resulted in gross margins declining for most categories.

The exceptions were furniture and home furnishings—a hard goods fashion area being exploited by a growing number of discounters—and housewares, where continued high turns helped to counter small declines in markups to produce higher gross margins—up 2.3% for housewares and 2.5% for furniture and home furnishings.

Conventional department stores suffered sharper drops in gross margins for many categories despite maintaining and even improving markups. This resulted from higher markdowns and stock shortages and lower turns.

Adding It Up

In ladies' wear, for example, discounters boosted gross margins 4% but conventionals had only a 1.1% gain, while in children's, discounters had a 7.9% boost.

In furniture and home furnishings, discounters were able to boost gross margins by 2.5% despite a 1.2% drop in markup. Conventionals increased markup by 1.3% but suffered a three-percentage-point decline in gross margins due to flat turns and a 4.5% increase in markdowns.

The overall trend in the comparison of discounters' performance, as reported in the Cornell Study, with the results of conventional department stores with more than $100 million in sales tracked in the MOR report, showed that the markup gap between the two types of retailers widened.

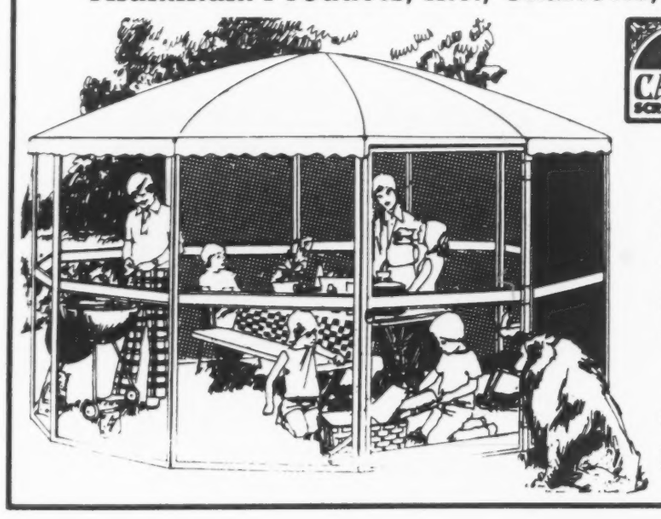
How to turn 6½ square feet of gondola space into a major profit center.

Brand New! a 27x39, full-color carton label that turns every CASITA screenhouse carton into a hard-selling display — using only approx. 6½ sq. ft. of gondola space.

This display, with or without a new 34½"-diameter CASITA mini-screenhouse (fits an adjacent gondola top) is made specifically for gondola operations, home centers, catalog showrooms and smaller stores lacking space for a full-size display.

This is a *selling* display. Now you can cash in on extra profits with these highly-profitable, seasonal items, *regardless of store size*.

Write or call toll-free today for more details! CASITA, General Aluminum Products, Inc., Charlotte, MI 48813. 800-248-8705.



CASITA SCREENHOUSE

The Instant Family Fun Room!

Turns any backyard or patio into a family fun center. 90% pre-assembled, sets up in 20 minutes using only a screwdriver. Cool and bug-free relaxation for the whole family!

Available in a variety of sizes and color combinations to suit any preference.

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For further information, a free consultation or a demonstration of how Monarch "locks up" accuracy . . . write Monarch Marking Systems, Inc., Dept. 824, P.O. Box 608, Dayton, Ohio 45401

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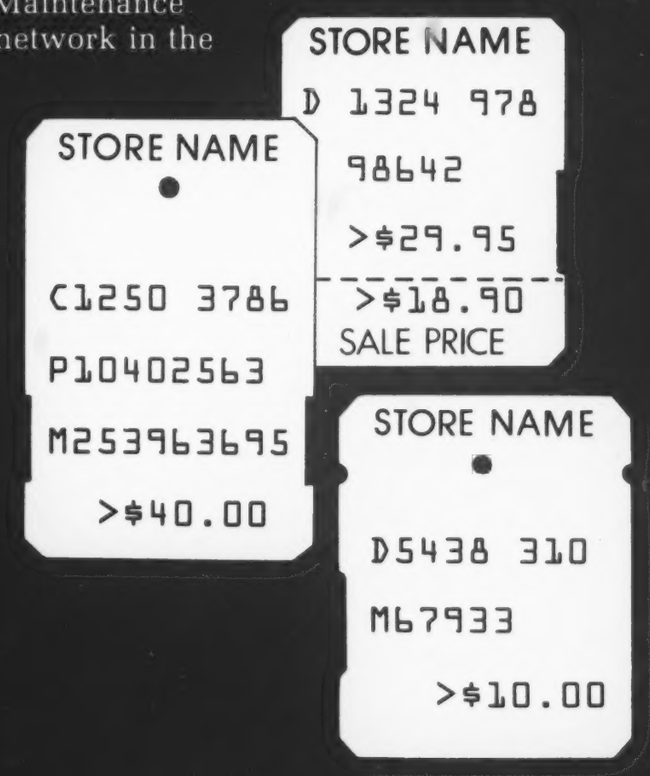

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